

Cola Set at 2.1 Percent

Payments to military retirees will include a 2.1 percent cost of living allowance increase based on figures announced by the Bureau of Labor Statistics. The COLA also affects federal retired pay, VA disability compensation, SBP survivor annuities and Social Security.

The COLA for these programs will be effective December 1st, and will be reflected in checks issues on January 2, 2004.

Social Security and Supplemental Security Income benefits increase automatically each year based on the rise in the Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), from the third quarter of the prior year to the corresponding period of the current year.

Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$87,900 from \$87,000 in 2003. Of the estimated 156 million workers who will pay Social Security taxes in 2004, about 9.2 million will pay higher taxes as a result of the increase in the taxable maximum in 2004.

SOURCE:

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